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AMENDMENT #2 – 7/29/2005
REQUEST FOR PROPOSALS (RFP)
MAINTENANCE AND REPAIR SERVICES FOR
STATE-OWNED VEHICLES

PROJECT NUMBER: 050R5800170

Ladies/Gentlemen:

This Amendment #2 is being issued to amend and clarify certain information contained in the above referenced RFP. All information contained herein is binding on all offerors who respond to this RFP. Specific parts of the RFP have been amended. The following changes/additions are listed below; new language has been double underlined and marked in bold (i.e., **word**) and language deleted has been marked with a strikeout (i.e., ~~word~~).

1. In RFP Section 1.1.3 change the contract term, as follows:

The Contract will be for a term of ~~approximately~~ **five** (5) years, ~~anticipated to begin~~ **ning** on or about ~~May~~ **October** 1, 2005 and extending through ~~April~~ **September** 30, 2010.

2. In RFP Section 1.3:

- A. Add the following definitions:

Adjusted Supplemental Revenue – the percentage amount of Supplemental Revenue that will be realized by the Contractor after subtracting the Supplemental Revenue Share percentage.

Independent Vendor – A vehicle maintenance and/or accident repair vendor that has either a single or multiple service locations in Maryland, and possibly in other states, with which the Contractor has a formal business relationship, but not of the type that the Contractor has with its National Account Vendors. I.e., Any vehicle maintenance and/or accident repair vendor of the Contractor other than a National Account Vendor.

Supplemental Revenue – Any arrangement the Contractor has with an Independent Vendor whereby the Contractor derives any financial benefit from such Independent Vendor, for either vehicle maintenance repair or vehicle accident repair, in addition to the Prices Per Month or Prices Per Incident as entered on the Attachment F Price Sheets that will be charged the State as compensation for the services to be performed as required by this RFP.

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In a Supplemental Revenue situation the State is charged a fee for services performed by an Independent Vendor, but the Contractor pays the Independent Vendor an amount less than it receives from the State. Typical industry terminology for such Supplemental Revenue includes “Short Pay” and “Administrative Percentage”.

Supplemental Revenue Share - A single, discrete percentage of any Supplemental Revenue that the Contractor commits to return to the State. This can range from 0% if the Contractor intends to retain all Supplemental Revenue, to 100% if the Contractor commits to return all Supplemental Revenue to the State. In the event the Contractor has varying types or levels of Supplemental Revenue with vendors it must still quote a single, discrete percentage amount as the “Share”.

B. Change the following definition:

National Account Vendor – Service vendor that operates vehicle maintenance repair facilities throughout the United States or in a multi-state region(s) with which the Contractor has an established relationship involving discounted and/or standardized fees or other arrangements that benefit the Contractor’s customers. Examples of such vendors include Goodyear, Firestone, and Pep Boys.

C. Delete the definition for Non-National Account Vendor (this definition is replaced by the definition for Independent Vendor).

~~Non-National Account Vendor – Service vendor that operates vehicle maintenance repair facilities in the State of Maryland.~~

3. In RFP Section 1.5 change the contract term, as follows:

The term of the Contract resulting from this RFP will be for a period of ~~approximately~~ five (5) years, which is anticipated to begin on the date of execution of the contract by the DBM, which is anticipated to be on or about May October 1, 2005, and continue ~~ing~~ until ~~April~~ September 30, 2010.

4. In Section 2.5.1 change the word “on” to “in”, as follows:

Invoice each participating agency no later than ten (10) calendar days following the last calendar day of the month ~~on~~ in which the bill was incurred.

5. Add the following language to Section 2.6 Payments, Billing, Data Collection and Reporting:

2.6.9 If the Contractor derives Supplemental Revenue from Independent Vendors and agrees to Share some or all of this Supplemental Revenue with the State, as per its quotations on Form F-4, the Contractor shall, as a separately identified line item, deduct the Supplemental Revenue Share percentage from all State invoices.

2.6.10 Audits will be conducted of Supplemental Revenue and Supplemental Revenue Share Factors, if any, involving Independent Vendors for (1) Maintenance and Repair, and (2) Accident Repairs. Actual audit costs will be billed to the Contractor either monthly or as incurred, if audit activities take place less frequently than monthly. If the Contractor does not remit payments for audit activities within 30 days of invoice receipt, the Department will withhold payment to the Contractor, or make an equivalent deduction from such payments.

Under normal circumstances the first year cost for these audits will not exceed \$30,000. However, if routine audits document more than a 10% variance with the Supplemental Revenue or Supplemental Revenue Share percentages provided on the Attachment F Price Sheets that result in higher payments by the State, the frequency of audit activities will increase. In this instance the Contractor will be responsible for up to \$50,000 in first year audit costs. Both the routine and excessive variance audit maximums (\$30,000 and \$50,000, respectively) will be subject to up to 5% cumulative annual increases.

The Contractor must make reasonable efforts to cooperate with the State's audit contractor as it seeks to verify Supplemental Revenue and Supplemental Revenue Share information for work performed on State vehicles.

If requested by the Contractor, the State will require its audit contractor to enter into a non-disclosure agreement whereby the audit contractor will not divulge any information concerning the Contractor's business arrangements with Independent Vendors to any party other than the State. The State will treat such business arrangement information in the manner prescribed in Title 10, Subtitle 6, Part III, Access to Public Records, of the State Government Article, Annotated Code of Maryland.

- 6.
- A. The Financial Proposal instructions and forms (Attachments F, F-1, F-2) have been revised to replace what was previously issued. The previous summary form F-3 has been expanded and is now Form F-4. A new Form F-3 has also been added. The new instructions and forms (with the footnote of "Revised 7/29/05") are incorporated into the RFP via this amendment and are attached.
 - B. RFP Section 3.5.3 is changed, as follows:

All Unit Prices listed on Attachment F-1 & F-2 will be Firm Fixed prices. The State shall directly pay the Contractor no fees other than those specified on Attachments F-1, F-2 & F-3.

However, it is realized that some vendors may use Supplemental Revenue practices, such as short pay or administrative fees, to augment the direct payment revenue derived from the State. Supplemental Revenue factors represent an

indirect expense to the State. To ascertain the full cost to be borne by the State for the services required under this RFP, via this amendment a new Financial Proposal Form F-3 is added, and the previous Form F-3 Summary Sheet has been expanded to include information from the new Form F-3 and is re-labeled as Form F-4.

The new Form F-3 requires each offeror to identify any Supplemental Revenue it will derive from Independent Vendors. The Offeror may propose to return some or all of this Supplemental Revenue to the State in the form of a Supplemental Revenue Share.

The new Form F-4 (an expanded version of the original Form F-3) then summarizes all proposed charges to the State by requiring the totals from Forms F-1 and F-2 to be added to the charges, if any, from the new Form F-3 to produce a single, discrete financial proposal amount. This discrete Form F-4 total will constitute offerors' financial proposal and will be combined with offerors' technical proposal to determine the offer that is most advantageous to the State.

7. The State has revised the Bid/Proposal Affidavit form (Attachment B). A copy of this revised Affidavit is enclosed, as is a copy highlighting the changes from the original version included with the RFP. This revised Affidavit must be signed and returned with the BAFO.